

EXHIBIT J

**** CONFIDENTIAL ****

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----x

In Re:

BERNARD L. MADOFF INVESTMENT
SECURITIES LLC,

Adv.Pro.No.
08-01789 (BRL)

Debtor.

-----x

IRVING H. PICARD, Trustee for the
Liquidation of Bernard L. Madoff
Investment Securities LLC,

Plaintiff,

Adv.Pro.No.
09-1182 (BRL)

v.

J. EZRA MERKIN, GABRIEL CAPITAL,
L.P., ARIEL FUND LTD., ASCOT
PARTNERS, L.P., GABRIEL CAPITAL
CORPORATION,

Defendants.

-----x

VIDEOTAPED DEPOSITION of JOEL
EHRENKRANZ, as taken by and before Monique Vouthouris,
Certified Court Reporter, RPR, CRR and Notary Public
of the States of New York and New Jersey, at the
offices of BAKER HOSTETLER, 45 Rockefeller Plaza, New
York, New York, on Thursday, March 20, 2014,
commencing at 10:07 a.m.

| Page 58 | Page 60 |
|---|--|
| <p>1 Q. Did he ever suggest that you invest</p> <p>2 with Mr. Madoff indirectly through Ascot?</p> <p>3 A. Yes.</p> <p>4 Q. When did he make that recommendation?</p> <p>5 A. I'm going to guess that was the year --</p> <p>6 I'm going to put it in '94.</p> <p>7 Q. And what did he say?</p> <p>8 A. He said that he was creating a fund to</p> <p>9 invest with Mr. Madoff and that he encouraged us to</p> <p>10 invest in that fund and that he would provide the</p> <p>11 independent verification that we found lacking in a</p> <p>12 satisfactory mode.</p> <p>13 Q. Did he explain how that independent</p> <p>14 verification would be done?</p> <p>15 A. He said he was going to have someone in</p> <p>16 his office go ahead and monitor the trades that were</p> <p>17 made by Mr. Madoff at the time he made them and have</p> <p>18 an accounting firm go ahead and monitor it also, give</p> <p>19 independent verification of it, a recognized</p> <p>20 accounting firm.</p> <p>21 Q. Do you recall who that firm was?</p> <p>22 A. I don't.</p> <p>23 Q. Do you recall if they had a</p> <p>24 relationship with Mr. Madoff, I'm sorry, with</p> <p>25 Mr. Merkin or his --</p> | <p>1 purportedly executed by Mr. Madoff?</p> <p>2 MR. STEINER: Objection to form.</p> <p>3 A. We did this on a leap of faith. A</p> <p>4 stronger word, we had some degree of caution, but</p> <p>5 accepted Ezra's strong statements that he could</p> <p>6 provide independent verification.</p> <p>7 Q. Did he ever provide such statements to</p> <p>8 you?</p> <p>9 A. No, but said he was doing it.</p> <p>10 Q. Did he give any more details as to how</p> <p>11 the verification was done?</p> <p>12 A. No -- yes. He said he had an employee</p> <p>13 in his office, and that when these slips came through</p> <p>14 and the very basic transactions as indicated occurred,</p> <p>15 that his person would check the stocks were bought and</p> <p>16 sold on the Exchange at around that time at around</p> <p>17 that price.</p> <p>18 Q. I believe you've already testified that</p> <p>19 the investment in Ascot was made by DAS.</p> <p>20 A. Yes.</p> <p>21 Q. Or at that point in time it was DIS.</p> <p>22 A. Yes.</p> <p>23 Q. How large was that investment?</p> <p>24 A. I don't remember. It was probably --</p> <p>25 it was not a large investment in terms of the</p> |
| Page 59 | Page 61 |
| <p>1 A. I believe it was the same accounting</p> <p>2 firm that was the one that did the audit of Gabriel.</p> <p>3 Q. I'll represent to you that the auditor</p> <p>4 at that time period for Merkin's funds was BDO</p> <p>5 Seidman, or at least the successor that's now known as</p> <p>6 BDO Seidman. Does that refresh your recollection as</p> <p>7 to the name of the auditor?</p> <p>8 A. Not really, no.</p> <p>9 Q. Did you have a response to his proposal</p> <p>10 then?</p> <p>11 A. Our response ultimately was that we</p> <p>12 would make an investment.</p> <p>13 Q. Did you believe that his staff or</p> <p>14 perhaps his auditor was able to provide independent</p> <p>15 verification?</p> <p>16 A. We had sufficient confidence in Ezra</p> <p>17 because of his investing -- what we perceived to be</p> <p>18 his investing skills, that we believed that he would</p> <p>19 be able to overcome what was aware our skepticism and</p> <p>20 great concern about the verification of the trades</p> <p>21 since Mr. Madoff seemed to have a fabulous way to make</p> <p>22 money in all markets.</p> <p>23 Q. Do you recall ever expressing</p> <p>24 skepticism that Merkin's staff or Merkin's auditor</p> <p>25 would be able to independently verify the trades</p> | <p>1 respective size. I'm going to guess it was between 1</p> <p>2 and 2 percent position of that fund.</p> <p>3 Q. Would you consider that to be</p> <p>4 substantial?</p> <p>5 A. It's substantial in dollars, but not</p> <p>6 substantial in the sense of the allocation of the</p> <p>7 investments.</p> <p>8 Q. Did you have other managers that you</p> <p>9 allocated larger percentages to at that time?</p> <p>10 A. Probably every -- almost all other</p> <p>11 managers.</p> <p>12 Q. And correct me if I'm wrong, I believe</p> <p>13 you testified that DAS was also invested with Ariel</p> <p>14 and Gabriel --</p> <p>15 A. No. I think I said Gabriel.</p> <p>16 Q. -- at that time.</p> <p>17 A. Yes.</p> <p>18 Q. How did Mr. Merkin describe Ascot</p> <p>19 Partners' investment strategy to you?</p> <p>20 A. He proceeded to say he was giving the</p> <p>21 money to Mr. Madoff.</p> <p>22 Q. Did he explain what his role was with</p> <p>23 respect to Ascot?</p> <p>24 A. No.</p> <p>25 Q. Did you understand if he had any role</p> |